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At present, the trade and supply system operates through the following:

1. Guaranteed Supplies

The guaranteed supply system was established by decree of 10 February 1948, and guarantees designated food supplies to the following:

- a. Employed blue- and white-collar workers.
- b. Retired and disabled persons, trainees, artists, artisans, members of the free professions, and the like, as listed in the decree.
- c. Families of persons included in a and b.
- d. Children under 14 living in places without possibility of supply from local sources, when their guardians are not entitled to guaranteed supplies.

The supply of designated industrial products is guaranteed to:

- a. Employed blue- and white-collar workers.
- b. Retired and disabled persons, trainees, artists, artisans, members of the free professions, and the like, as listed in the decree.
- c. Families of persons included in a and b.

The following items are included in federal guaranteed supplies: bread or flour, wheat and corn meal, meat, bacon, fats, sugar, cocoa, cocoa and coffee products, all types of textiles, footwear, and industrial products.

The following items are included in republic guaranteed supplies: beans, potatoes, other vegetables, milk and milk products, fuel, and similar items.

Special guaranteed supplies are also supplied in backward and war-devastated areas to speed up restoration of these areas and make them self-supporting.

2. Tied Prices

Tied prices were enacted by the decree of 10 February 1948, enabling agricultural producers and farm work cooperatives, who sell their surplus agricultural products at tied prices to the state, to buy industrial goods at lower uniform prices, but only for their own households.

3. Compulsory Delivery

Compulsory delivery to the state of grain, livestock, and other agricultural products is regulated by special regulations of the federal and republic governments. These special regulations put a checkrein on capitalist elements by not granting rich farm households industrial coupons to cover the value of the agricultural products they are obliged to deliver to the state.

4. Free Market

On the free market, consumers can buy specified industrial products at higher uniform (commercial) prices and a large number of industrial goods of federal, republic, and, especially, local production at lower uniform prices. There are also free markets for surplus agricultural products at prices which are freely determined.

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Trade and supply, except for the free market in agricultural products, are handled almost 100 percent through the socialist trade sector, namely, through state and cooperative trade networks and stores of social organizations, such as the Association of Disabled War Veterans, youth organizations, the AFZ (Antifasisticki Front Zena, Anti-Fascist Women's Front).

Retail Trade in Yugoslavia

Since the liberation, the retail trade network has passed through many changes in its development. The network of socialist stores is being extended rapidly in all consumer centers and new stores have been opened in the cooperative and state sectors in even the most distant settlements.

Workers' supply services have been established in all the republics in industrial and mining enterprises, state farms, forest enterprises, and the like to supply blue- and white-collar workers of these enterprises as quickly and as well as possible with food, clothing, and household articles. A large number of stores selling tobacco products, books, ready-made clothing, children's toys, etc., have been opened by social organizations, such as the Association of Disabled War Veterans, youth organizations, and the AFZ.

The main and general directorates of individual production branches are opening stores for their products in large cities. Some of these stores are: the model stores of the Main Directorate of the Associated Textile Industry for Men's, Ladies', and Children's Wear (Glavna Direkcija Savezne Tekstilne Industrije za Musku, Zensku, i Decju Robu); the General Directorate of the Associated Glass Industry for Hollow Glass (Generalna Direkcija Savezne Industrije Stakla za Suplje Staklo); the Main Directorate of the Associated Leather and Rubber Footwear Industry (Glavna Direkcija Savezne Industrije Koze i Gume za Obuku); the Main Directorate of the Textile Industry of Serbia (Glavna Direkcija Tekstilne Industrije Srbije); and similar stores.

Specialization in enterprises and stores is under way in the state trade network to help serve consumers better. Specialized stores are being opened for food, ready-made clothing, novelties, metal goods, textiles, footwear, etc.

At the beginning of 1948, the trade network of agricultural cooperatives was assigned the new and important function of supplying the rural population with industrial products at tied prices. Many new cooperative stores were opened in villages and srezes to fulfill this function.

The development of the socialist trade sector and the decrease in the private sector is shown in the table on the following page.

Number of Stores in the State, Cooperative, and Private Sectors

Year	State Sector	Percent- age of Partici- pation in Trade	Co-op Sector	Percent- age of Partici- pation in Trade	Social Organ- izations	Percent- age of Partici- pation in Trade	Socialist Sector Total	Percent- age of Partici- pation in Trade	Private Sector	Percent- age of Partici- pation in Trade	Total No of Stores in Yugoslavia
1945	692	1.7	3,716	9.1	--	--	4,408	10.85	35,216	89.2	40,624
1946	2,391	4.5	10,734	20.1	--	--	13,125	24.6	40,167	75.4	53,292
1947	6,458	13.3	12,113	25.1	3,510	7.2	22,081	45.6	26,161	54.4	48,242
1948	13,378	38.9	16,398	47.7	3,688	10.7	33,464	97.3	924	2.7	34,388

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Struggle Against Speculation

Some former owners of commercial enterprises, former commercial agents, and rich farmers have been sabotaging and undermining the basis of socialist trade and supply in Yugoslavia. Their activities have consisted of illegal trading and forbidden mediation between agricultural producers and city consumers, raising prices of agricultural and other products, hiding and speculating in items important to the population, and similar activities.

From January to October 1948, the trade inspectorates in the republic ministries of trade and supply and in city and srez people's councils reported 30,424 cases of illegal trade and speculation. On the basis of these reports, 23,079 persons were fined, 451 of these having their entire property confiscated. In 6,944 cases, goods valued at 169,635,759 dinars and intended for illegal trade were confiscated.

Trade at Tied Prices

Increased industrial production in Yugoslavia, which had increased 67 per cent over 1939 by the end of 1947, made it possible to initiate guaranteed supplies of industrial products for blue- and white-collar workers and increase the exchange of goods between urban and rural areas. Until 1948, agricultural producers were not adequately supplied with industrial products, especially agricultural tools and machines, fertilizer, and other similar material.

In prewar Yugoslavia, there was a considerable disproportion between the prices the farmer had to pay for industrial products and the prices he received for agricultural products. These price differences indicated the extent farmers were exploited by the ruling capitalist clique.

Exchange of goods between urban and rural areas is now done mostly at tied prices, at which the state buys produce from the farmer and at which it sells him industrial goods. The following is a comparison of prices of agricultural products in 1939 and 1948:

	Price for 100 Kg in 1939 (dinars)	Tied Price for 100 Kg in 1948 (dinars)
Wheat	152	412
Corn	101	283
Tobacco	2,163	6,800
Potatoes	65	180
Cattle	450	1,290
Wool	1,600	5,000

The following is a comparison of prices of industrial products:

	Price in 1939 (dinars)	Price in 1948 (dinars)
Salt (kg)	3	3
Sugar (kg)	15	33

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	<u>Price in 1939</u> <u>(dinars)</u>	<u>Price in 1946</u> <u>(dinars)</u>
Kerosene (liters)	7	5.5
Matches (box of 50)	0.83	1
Cement (tonn)	692.5	1,475
Caustic soda (kg)	7	17.5
0.75 - 9.99- mm iron-plate (kg)	7.8	16.32
Shovels and spades, pressed (kg)	10	32
Enamelware (kg)	25	72.5
Window glass (sq m)	33	70
Meccasins, nailed (pr)	115	212
Work shoes (pr)	199	515
Trouser material for farmers (sq m)	45	130

The development of compulsory delivery of agricultural products from January to October 1948 was as follows, (1947=100):

Wheat and rye	132
Barley	163
Millet	178
Heat	108
Beans	115
Potatoes	102

The quantities of industrial products sold in rural areas in 1947 and 1948 were as follows (1939=100):

	<u>Quantities Sold</u> <u>in 1947</u>	<u>Quantities Sold</u> <u>up to Oct 1948</u>
Sugar	140.73	145.46
Tobacco	142.68	165.30
Salt	101.07	87.20
Textiles	87.50	101.71
Farm implements	145.71	197.7
Matches	163.55	206.14
Copper sulfate	66.96	105.48

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Trade Personnel

Before the war, virtually no attention was paid to training personnel for trade. Trade academies annually graduated a small number of administrative officials but some of them did not go into trade at all. No attention was paid to training sales personnel.

Colleges of economics in all Yugoslav universities now graduate a large number of economists every year, thus providing highly qualified personnel for trade. New economic institutes have been opened to train personnel for secondary positions in trade. In 1939 - 1940, there were 26 such institutes with 6,392 students; in 1945 - 1946, 33 with 5,460 students; in 1946 - 1947, 37 with 8,156 students; in 1947 - 1948, 40 with 10,870 students; in 1948 - 1949, in the first-year course alone, 10,875 students.

Up to 1947, 11,007 sales personnel and subordinate managerial personnel attended 203 courses lasting from 3 to 9 months; in 1948, 37,838 such personnel attended 737 of these courses.

In addition, a number of courses for trade personnel were established in cooperative organizations, especially for administrative and bookkeeping personnel.

Internal Trade in Yugoslavia in 1949 and 1950

The free sale of industrial products has continued to increase; one half of all industrial product sales in 1950 were free sales. However, very strict rationing of vital food items has been retained because of lagging agricultural production and the rapidly increasing demands of the urban population.

Increased production of industrial goods allowed considerable quantities of industrial products to be released for sale on the free market at higher uniform prices. The trade and supply system operated through the following:

1. The guaranteed supply system, which supplies the working population in cities and industrial centers as well as in backward and war-devastated areas with industrial products and food at lower uniform prices.
2. The sale of industrial products to agricultural producers at lower uniform prices through trade at tied prices, in exchange for agricultural products sold at designated tied prices.
3. The free sale of industrial goods at fixed lower or higher uniform prices.

Guaranteed Supplies

The guaranteed supply system distributes food on the basis of 14 consumer categories, or four basic groups. Workers are divided into categories according to type of work, difficulty of work, and work conditions. The first group includes special blue-collar worker categories; R-1a miners, R-1a, R-1b, R-6, R-2-1, R-X-2, and R-2a blue-collar workers employed at the hardest jobs in mines, industrial and lumber enterprises, and railroad transportation. The second group includes categories R-1, R-2, R-3, RS-1, RS-2, and RS-3 blue-collar workers employed at hard, medium, and light jobs; white-collar workers and other employed persons; and persons considered on the same level with workers in regard to supply rights. The third group includes all unemployed persons (PO, SO), namely, adult members of families of employed persons or persons on the same level with these in regard to supply rights. The fourth group includes children, divided into categories according to age: D-1 category includes children up to 2 years; D-2, 2-7 years; and D-3, 7-14 years.

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The guaranteed supply system distributes industrial goods on the basis of consumer categories as follows: the IA-1 category includes all employed persons, trainees, disabled war veterans, students, and the like; IA-2 includes retired persons, students in secondary trade schools, white-collar workers in uniform, and the like; IB includes adult members of families of employed persons, persons without material support, and the like; ID-1 includes children up to 2 years; and ID-2 includes children from 2-14 years.

A special point system was established for the guaranteed supply of textiles in 1950, while footwear and other items of clothing were sold for money coupons. Textile points could be used to purchase other goods, each point being worth 12 dinars in money coupons.

A supplementary supply system was established for the benefit of pregnant women, shock workers, and such persons. The supplementary supply system also provides for a fourth meal for certain worker categories, supplementary food for public restaurants, and the like.

In addition, a certain number of items are distributed to consumers according to norms established by the republics, or without any established norms when it is possible, as the republic guaranteed supply of fuel, soap, milk, milk products, products containing sugar, potatoes, beans, and similar products.

Guaranteed supplies of sugar were increased by 29 percent in 1949, and grain supplies were increased in August 1949. Bread was decreased by 10 percent in October 1950 because of the drought.

The number of consumers supplied through guaranteed supplies of food was as follows (the figures for 1951 refer to the 1951 plan):

		Workers and Persons Considered Equal to Them	Other Persons	Total
Sugar	1948	2,457,360	3,550,857	6,008,217
	1949	2,964,650	2,825,682	5,790,332
	1950	2,719,650	2,533,418	5,253,068
	1951			5,290,515
Grain	1948	2,225,556	2,787,793	5,050,349
	1949			5,628,656
	1950			4,958,896
	1951			5,165,000
Meat	1948	2,361,219	1,927,338	4,288,557
	1949			4,900,147
	1950			4,559,663
	1951			4,000,000

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The number of consumers supplied with guaranteed supplies of industrial products was as follows:

	<u>1948</u>	<u>1949</u>	<u>1950</u>
Number of consumers planned for	5,543,355	5,392,820	5,582,297
Number of consumers who were supplied	6,042,669	5,802,784	5,354,300

Food items for the guaranteed supply system were realized as follows:

		<u>Percent of Plan Fulfilled</u>
Grain	1947 - 48	114
	1948 - 49	102
	1949 - 50	94
Sugar	1947 - 48	102
	1948 - 49	99
	1949 - 50	92
Fats	1948	93
	1949	95
	1950	90
Meat	1948	56
	1949	76
	1950	75

Tied Prices

In 1948, goods valued at 15,279,000,000 dinars were bought at tied prices. From April to December 1948, agricultural producers received 12,230,000,000 dinars' worth of coupons with which to purchase industrial goods at tied prices. The cooperative sector handled a turnover of over 10 billion dinars in coupons.

In 1949, changes were made in the allotment of coupons for consumers' goods. Farm work cooperatives received 3,900 dinars' worth of coupons more for each household than the private farmer, in addition to 500 dinars' worth of coupons for agricultural products off their private plots.

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Farm work cooperatives obtained short-term loans in cash and coupons on the basis of contracts with purchasing enterprises. Farm cooperatives and private farms which did not produce grain or did not produce enough for their own needs were entitled to obtain coupons in excess of the designated number for the purchase of grain. Rich farmers could not participate in trade at tied prices.

At the beginning of 1950, for agricultural products delivered on the basis of the compulsory delivery plan, farm work cooperatives and private farmers were entitled to receive the full price in coupons to be used for the purchase of goods at lower uniform prices, regardless of the amount of property involved or market surpluses.

The amount of goods available in 1950 did not make it possible to offer rural areas a wide enough assortment of goods through the tied price system, and the prices of industrial goods and agricultural products on the free market did not correspond with the supplies available. Prices in the free market increased greatly because of the drought and the monopolistic position of private producers. Consequently, owners of coupons for trade at tied prices were allowed to use the coupons to purchase goods in the free market at freely determined prices at a discount of 60 percent.

The following shows the value of industrial goods delivered to rural areas at tied prices (in million dinars): 1948, 9,031; 1949, 9,510; 1950, 7,603.

Total sales (including food products) to the agricultural population through trade at tied prices were as follows (in million dinars): 1948, 10,141; 1949, 11,216; 1950, 11,682.

Free Sales

Free sales had to be increased to absorb the purchasing power created by wages, state purchases, or otherwise, so the supply of goods for free sale was increased. For many articles, new and higher uniform prices (commercial prices) were introduced, while a considerable amount of goods remained on the free market at lower uniform prices.

This two-price system absorbed purchasing power in the rural areas but was not able to establish a balance between supply and demand, because the supply of industrial goods was inadequate and prices were not flexible enough to follow fluctuations in consumer purchasing power. Therefore, it was necessary to increase the supply of goods for the free market and introduce a system of flexible prices. New sources of goods for the free market were found in local production, the capacities and possibilities of which had not previously been exploited. At the beginning of 1949, the prices of goods produced in local production enterprises and not subject to planned distribution were fixed freely according to the law of supply and demand.

In April 1950, these principles, which had only been applied to local production enterprises, were extended to a sector of federal and republic production enterprises and to commercial enterprises. Goods produced by local production enterprises were no longer sold separately in separate stores, but all goods for the free market were considered as a single supply. The previous prices and price systems in the free market, such as lower uniform prices, higher commercial prices, sales prices of producers, and prices for products of local production were replaced by a uniform price system for goods in the free market, except for tobacco, salt, matches, kerosene, paper, and electric light bulbs, which continued to be sold at fixed prices. Supply and demand regulated prices of all other items.

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After August 1950, most trade at tied prices began to be handled through the free trade network, with owners of coupons for trade at tied prices obtaining a 60-percent discount on free market prices. In 1949, the turnover of goods on the free market increased by 13 percent over 1948, and in 1950, by 30 percent over 1948.

Although the free market had a favorable influence on the development of industrial production in assortment and volume, most of the increase in production in 1950 was absorbed by the guaranteed supply system and trade at tied prices, thereby reducing the supply of goods for the free market. This reduction in free market supplies and increase in free market turnover caused sharp price increases in industrial goods on the free market during 1949 and 1950, as compared with 1948.

Compulsory Crop-Delivery System

In 1950, compulsory crop delivery was required only of those agricultural products necessary to satisfy the most vital needs.

The following table shows the variations in the compulsory crop delivery of various products:

	<u>1945</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>
Grain	100	210	208	322	340	256
Corn	100	111	271	250	248	121
Beans		100	368	416	532	106
Potatoes		100	206	352	647	259
Meat		100	173	234	368	374
Fats		100	100	45	202	194
Wool			100	109	128	127

Agricultural production in 1950 was reduced by the drought as follows:

	<u>Normal Avg Production (carloads)</u>	<u>1950 Production (carloads)</u>	<u>Reduction (percent)</u>	<u>No of Carloads Loss</u>
Wheat and rye	260,000	206,000	79.2	54,000
Corn	440,000	208,000	47.2	232,000
Barley	40,000	27,000	67.5	13,000
Oats	38,000	19,000	50	19,000
Total grain	778,000	460,000	59.1	318,000
Potatoes	200,000	100,000	50	100,000
Beans	15,700	6,000	38	9,700

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Compulsory crop delivery was as follows:

	1949 - 50 (carloads)	1950 - 51 (carloads)	No of Carloads Less
Wheat and rye	86,000	70,300	15,700
Corn	95,500	46,400	49,100
Barley	7,500	6,500	1,400
Millet	9,000	5,300	3,700
Total grain	198,400	128,500	69,900

The drought not only caused difficulties in guaranteed supplies, but was also reflected in vegetable and fruit supplies, which were greatly reduced. The prices of these have been increasing constantly because of increased consumption and because of the increased purchasing power of small farmers, who exploit their monopolistic position in the markets. Taking September 1949 as 100, the price indexes of vegetables in September 1950 were as follows:

	<u>Potatoes</u>		<u>Cabbage</u>	
	<u>Socialist Sector</u>	<u>Private Sector</u>	<u>Socialist Sector</u>	<u>Private Sector</u>
Belgrade	333	294	600	286
Zagreb	243	245	417	500
Ljubljana	233	175	250	164
Sarajevo	250	136	333	417
Skoplje	160	91	175	250
Cetinje	166	353	--	--

	<u>Onions</u>		<u>Tomatoes</u>	
	<u>Socialist Sector</u>	<u>Private Sector</u>	<u>Socialist Sector</u>	<u>Private Sector</u>
Belgrade	540	1,000	314	205
Zagreb	500	786	127	227
Ljubljana	750	833	200	88
Sarajevo	1,000	667	179	143
Skoplje	267	588	150	244
Cetinje	--	667	333	267

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Trade Network

The number of retail stores increased from 36,699 in 1948 to 38,096 in 1949, of which 41.9 percent were in the state sector, 48.1 percent in the cooperative sector, 8.9 percent in social organizations, and 1.1 percent in the private sector.

Because specialization in the trade network had gone too far in 1949, strong action was taken against it in 1950. A large number of unnecessary stores and enterprises were liquidated, and regulations were enacted at the end of 1950 to pay trade personnel according to work output.

Reductions in retail overhead costs were as follows: In 1949, [average] overhead costs were 8.3 percent. In 1950, overhead costs in Serbia were 6.5 percent; Croatia, 6.2 percent; Slovenia, 6.1 percent; Bosnia-Herzegovina, 6.8 percent; Macedonia, 7.1 percent; and Montenegro, 7.4 percent.

The 1951 plan calls for overhead costs to be 3.2 percent for Serbia, 3.1 percent for Croatia, 3 percent for Slovenia, 3.1 percent for Bosnia-Herzegovina, 2.8 percent for Macedonia, and 3.3 percent for Montenegro.

Up to the end of 1950, most industrial products went into guaranteed supplies and trade at tied prices. The weak points of such a system are as follows:

1. Goods do not move in accordance with economic laws, but are administratively directed into closed channels. The already inadequate assortment of goods is artificially limited. In addition, this system does not encourage industrial enterprises to increase the assortment of their products, since they are not sold according to supply and demand but are arbitrarily distributed.
2. In a situation where goods are scarce as they are in Yugoslavia, the sale of goods at fixed prices makes it impossible to automatically balance supply and demand. The result is a constant disparity between available goods and purchasing power.
3. The greatest weakness of the present system is the disparity between prices of industrial and agricultural products, with prices favoring the latter. This disparity was especially obvious in 1950 when the price of agricultural products increased greatly because of the drought. Such a price relation makes it impossible to absorb rural purchasing power through the purchase of industrial products. This decreases agricultural producers' interest in production and sale of agricultural products, which causes an additional price increase in these products and makes the supply of the urban population difficult.

At the end of 1950, several measures were prepared to eliminate the disparity mentioned, by making goods available to all consumers at prices adjusted according to the law of the market. Agricultural producers will be able to use their money for a wide assortment of industrial goods, which will increase their interest in the production and sale of their products, thus increasing the supply of agricultural products on the market and inducing a gradual decrease in prices of agricultural products. Because of the insufficient quantity and high prices of industrial goods, these measures must be combined with special privileges for blue- and white-collar workers and the city population in general, so that they can buy goods cheaper without disturbing the free market system.

This is to be the system for food items also, but it is to be introduced gradually because of difficulties with agricultural production and food supply.

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